



JOHN ENGLER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

DON GILMER
DIRECTOR

April 15, 2002

The Honorable Harry Gast, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48901

The Honorable Marc Shulman, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48901

Dear Legislators:

Attached is the monthly financial report for the month ending February 28, 2002. It is submitted pursuant to Act No. 8 of the Public Acts of 1999. This report can also be found on the Internet at the following address:

www.state.mi.us/dmb/budget under AFinancial Reports.@

If you have questions concerning the information in the report, please contact this office.

Sincerely,

Don Gilmer
State Budget Director

Attachment

cc: List attached

cc: Governor John Engler
Dan DeGrow, Senate Majority Leader
Rick Johnson, Speaker of the House
Samuel Thomas, House Minority Leader
John Cherry, Senate Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency
Nancy Cassis, Chair, House Taxation
Committee

Joanne Emmons, Chair, Senate
Finance Committee
Bret Marr, Executive Office
Dennis Schornack, Executive Office
Sharon Rothwell, Executive Office
Nancy Duncan, Deputy Director
State Budget Office
Leon Hank, Financial Management
Budget Offices

GENERAL FUND, GENERAL PURPOSE
Projected Revenues and Expenditures
February 28, 2002
(\$ in millions)

FISCAL
2002

Beginning Balance, October 1, 2001	\$28.1
Revenues, Current Law:	
Current Year GF/GP Revenues, January 2002 Consensus	\$9,055.4
Adjustments To Consensus Baseline	
Adjustments to Consensus Baseline	(\$297.1)
Subtotal Adjusted Baseline, January 2002 Consensus	\$8,758.3
Additional Revenue Adjustments:	
Merit Award Trust Fund - lapse to general fund	\$72.5
Delinquent Tax Collection Revenue - lapse to general fund	\$2.5
Tobacco Settlement Trust Fund - lapse to general fund	\$3.0
Tax Amnesty	\$15.5
Cap Revenue Sharing at FY02 Appropriation	\$33.2
Budget Stabilization Fund Withdrawal	\$155.0
Corporations and Securities Fees Revenue - reduce lapse to general fund (PA119 of 2001)	(\$9.8)
Revenue Adjustment - PA 161 of 2001, Section 397(2)	\$0.2
Revenue Adjustments - Executive Order 2001-9	
Merit Award Trust Fund - lapse to general fund	\$59.0
Tobacco Settlement Fund - lapse to general fund	\$24.5
Comprehensive Transportation Fund - reduce deposit and lapse to general fund	\$12.8
Transportation Economic Development Fund - lapse to general fund	\$2.2
Healthy Michigan Fund - lapse to general fund	\$3.4
Teacher-Administrator Preparation and Certification Fund - lapse to general fund	\$1.4
Medical Waste Emergency Response Fund - lapse to general fund	\$1.1
Michigan Health Initiative Fund - lapse to general fund	\$2.5
Motorcycle Safety Fund - lapse to general fund	\$0.2
Teacher Testing Fees Fund - lapse to general fund	\$0.3
Reduce Revenue Sharing	\$37.2
Sell Land at Northville Psychiatric Hospital	\$64.6
Liquor Purchase Revolving Fund - equity lapse to general fund	\$1.8
Prior Year Work Project and Capital Outlay lapses	\$20.4
Subtotal of Additional Revenue Adjustments	\$503.5
Total FY Resources Available For Expenditure GF/GP	\$9,289.9
Expenditures, Current Law:	
Enacted Post Vetoes	\$9,528.2
Enacted Supplemental - PA 120 of 2001	\$44.3
Enacted Supplemental - PA 161 of 2001	(\$9.7)
Enacted Supplemental - PA 168 of 2001	\$1.5
Expenditure Reductions (Executive Order 2001-9)	(\$298.7)
Total Enacted	\$9,265.6
Anticipated Expenditure Adjustments:	
Recommended Supplemental (November 6, 2001)	\$41.8
Recommended Supplemental (January 28, 2002)	(\$17.8)
Recommended Supplemental (February 7, 2002)	\$0.3
Subtotal Anticipated Expenditure Adjustments	\$24.3
Total Expenditures Projected	\$9,289.9
Projected Ending Balance, September 30, 2002	\$0.0

SCHOOL AID FUND
Projected Revenues and Expenditures
February 28, 2002
(\$ in millions)

FISCAL
2002

Beginning Balance, October 1, 2001	\$694.8
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Current Year School Aid Fund Revenues, January 2002 Consensus	\$10,233.4
Enacted Adjustments To Consensus Baseline	
Income Tax, Personal Exemption Index	(\$5.7)
Sales Tax, Exempt Vended Soft Drinks	(\$2.2)
Sales Tax, Exempt Restaurant Sales to Employees	(\$5.1)
SET, Brownfield/High Tech	(\$5.8)
SET, Agriculture Transfers	(\$1.2)
Rounding	(\$0.1)
Subtotal Baseline Adjustments	(\$20.1)
Rounding	\$0.1
Subtotal, School Aid Fund, Current Year Direct Resources	\$10,213.4
Budget Stabilization Fund for Durant Settlement Payments	\$32.0
Appropriation from GF/GP, as adjusted by Executive Order 2001-9	\$198.4
Federal Aid	\$145.0
Additional Revenue Adjustments	
Federal Aid Increase - PA 121 of 2001	\$58.0
Budget Stabilization Fund withdrawal up to \$350 million - PA 161 of 2001	\$109.5
Subtotal of Additional Adjustments	\$167.5
Total Available SAF Resources	\$11,451.1

Expenditures	
Enacted Appropriations as of PA 297 of 2000	\$11,521.0
Adjustment in PA 121 of 2001	(\$62.7)
Adjustment in Executive Order 2001-9	(\$7.2)
Enacted Appropriations as of PA 121 of 2001	\$11,451.1
Projected School Aid Fund Ending Balance September 30, 2002	(\$0.0)

SUMMARY OF EXPENDITURES AND ENCUMBRANCES

GENERAL FUND GROSS

FEBRUARY 28, 2002

(\$ IN MILLIONS)

FISCAL YEAR 2000-01

FISCAL YEAR 2001-02

February 2001	Yr-to-date 2000-01	Fiscal Yr end SEP 30, 2001	DEPARTMENT	Initial Approp	Supplem. Approp.	Exp & Enc February 2002	Exp & Enc Yr-to-date 2001-02
6.1	33.0	90.7	Agriculture	100.9	(2.3)	4.1	38.2
3.9	20.1	53.9	Attorney General	64.8	(1.9)	4.0	21.2
30.0	134.6	249.8	Capital Outlay	499.6	(13.4)	44.3	161.5
40.0	152.8	418.3	Career Development	523.4	(4.3)	33.8	159.6
1.1	5.3	15.0	Civil Rights	15.5	(0.3)	1.0	5.4
1.8	14.6	31.1	Civil Service	30.6	(0.6)	1.5	9.5
180.0	984.6	2,097.3	Colleges & Universities	2,137.2	(25.0)	364.4	1,188.9
1,056.8	3,932.2	8,250.0	Community Health	8,562.9	(135.2)	641.9	4,531.1
19.1	114.9	239.1	Consumer & Industry Services	290.0	(3.0)	10.4	83.5
130.4	601.6	1,620.2	Corrections	1,721.9	(55.4)	118.9	647.2
61.7	317.3	790.3	Education	996.7	(1.6)	73.7	383.2
13.6	69.5	191.8	Environmental Quality	329.0	(17.2)	14.6	91.5
0.4	2.3	5.7	Executive Office	5.7	(0.2)	0.5	2.6
246.3	1,205.5	3,349.3	Family Independence Agency	3,632.5	169.1	266.2	1,494.0
		*	History, Arts & Library	81.8	(7.2)	11.7	25.7
2.5	14.9	36.6	Library of Michigan				
8.0	65.0	202.6	Judiciary	246.0	(4.8)	7.5	68.5
10.5	47.9	134.2	Legislature	129.8	(3.9)	10.3	52.9
12.3	75.0	181.9	Management & Budget	175.0	(2.3)	13.0	88.7
(0.3)	(0.3)	65.3	Michigan Strategic Fund	64.1	(4.8)	0.0	25.2
8.2	39.2	94.8	Military Affairs	96.9	(1.8)	6.1	41.6
11.7	52.2	115.1	Natural Resources	79.9	(6.8)	10.8	41.5
0.0	0.0	0.0	School Aid	0.0	0.0	0.0	0.0
13.5	74.3	204.0	State	182.3	(43.0)	12.8	74.1
28.3	131.7	403.1	State Police	408.9	(1.6)	28.3	140.7
9.6	13.0	(2.0)	Transportation	0.0	0.0	0.0	0.0
332.6	980.1	1,887.6	Treasury	1,962.5	(49.3)	364.5	1,024.0
\$2,228.1	\$9,081.3	\$20,725.7		\$22,337.8	(\$216.6)	\$2,044.3	\$10,400.3

*History, Arts, and Libraries did not exist in FY01.

Expenditures related to this department were in: Consumer & Industry Services, Library of Michigan, Michigan Strategic Fund, Natural Resources, and State.

ESTIMATED BALANCE OF STATE PAYMENTS TO LOCAL UNITS OF GOVERNMENT

Fiscal Year 2002
(\$ IN MILLIONS)

	INITIAL APPROPRIATIONS	EXEC. ORDER and SUPPLEMENTALS	TOTAL APPROPRIATIONS YEAR-TO-DATE
Payments to local units of government	16,050.2	(44.2)	16,006.0
Total state spending from state resources	26,286.0	(414.3)	25,871.7
Percentage of state spending from state resources paid to local units	61.06%		61.87%
Required payments to local units (48.97%)	12,872.3		12,669.4
Surplus/(deficit)	\$3,177.9		\$3,336.6

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND
OCTOBER 1, 2001 THROUGH FEBRUARY 28, 2002
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
Miscellaneous	<u>7,683</u>
Total Revenues	<u>7,683</u>

EXPENDITURES

Current:	
General government	-
Education	-
Family Independence services	-
Public safety and corrections	<u>-</u>
Total Expenditures	<u>-</u>
Excess of Revenues over (under)	
Expenditures	<u>7,683</u>

OTHER FINANCING SOURCES (USES)

Proceeds from Bond Issues	-
Operating transfers from:	
State Lottery Fund	-
Other funds	<u>-</u>
Total operating transfers from other funds	
Operating transfers to other funds	<u>(67,000)</u>
Total Other Financing Sources (Uses)	<u>(67,000)</u>
Excess of Revenues and Other	
Sources over (under) Expenditures	
and Other Uses	<u><u>\$ (59,317) ¹</u></u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENSES
MICHIGAN STRATEGIC FUND
OCTOBER 1, 2001 THROUGH FEBRUARY 28, 2002
(in thousands)

OPERATING REVENUES

Operating revenues	\$ -
Interest income	-
Investment revenue (net)	-
Miscellaneous:	
Federal revenues	-
Financing fees	129
Other	-
Total miscellaneous	<u>129</u>
Total Operating Revenues	<u>129</u>

OPERATING EXPENSES

Salaries, wages, and other administrative	0
Interest expense	-
Depreciation	-
Purchases for resale	-
Other operating expenses:	
Loan loss expense	-
Tuition benefit expense	-
Amortization of deferred issue costs	-
Miscellaneous	3
Total other operating expenses	<u>3</u>
Total Operating Expenses	<u>3</u>
Operating Income (Loss)	<u>126</u>

NONOPERATING REVENUES (EXPENSES)

Federal grant revenue	-
Interest revenue	-
Other nonoperating revenues:	
Tribal gaming revenue	-
Other nonoperating revenue	-
Total other nonoperating revenues	<u>-</u>
Nonoperating grants	-
Interest expense	-
Other nonoperating expense	-
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income (Loss) Before Operating Transfers	<u>126</u>

OPERATING TRANSFERS

Operating transfers from primary government	-
Operating transfers to primary government	<u>(113)</u>
Total Operating Transfers In (Out)	<u>(113)</u>
Net Income (Loss)	<u>\$ 14 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable, accounts payable, etc.

STATE OF MICHIGAN
YEAR-TO-DATE STATEMENT OF REVENUES AND EXPENDITURES
MICHIGAN NATURAL RESOURCES TRUST FUND
OCTOBER 1, 2001 THROUGH FEBRUARY 28, 2002
(in thousands)

REVENUES

Taxes	\$ -
From federal agencies	-
From licenses and permits	-
Miscellaneous	<u>14,839</u>
Total Revenues	<u>14,839</u>

EXPENDITURES

Current:	
General government	-
Conservation, environment, recreation, and agriculture	1,257
Capital outlay	<u>6,240</u>
Total Expenditures	<u>7,497</u>
Excess of Revenues over (under) Expenditures	<u>7,342</u>

OTHER FINANCING SOURCES (USES)

Proceeds from bond issues	-
Operating transfers from other funds	-
Operating transfers to other funds	<u>(6,149)</u>
Total Other Financing Sources (Uses)	<u>(6,149)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	<u>\$ 1,193 ¹</u>

¹ Balance does not reflect closing adjustments such as accounts receivable,
accounts payable, etc.

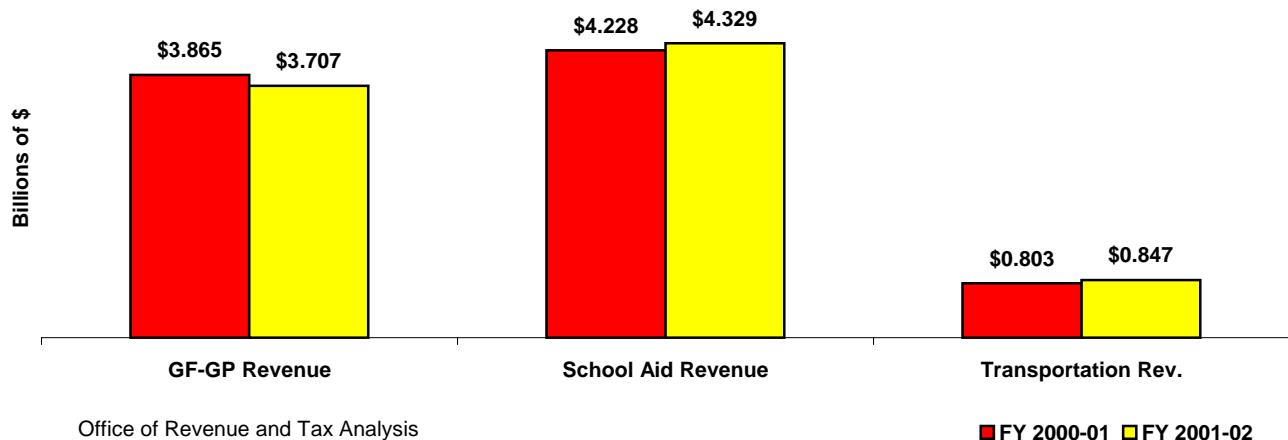
REVENUE OVERVIEW
Office of Revenue and Tax Analysis
Michigan Department of Treasury

This Monthly Financial Report to the Legislature presents the state government's cash collections for February 2002, representing some January and some February economic activity in Michigan.

Total General Fund-General Purpose revenue was \$12.1 million (2.9 percent) higher in February 2002 than in February 2001. School Aid Fund revenue was \$4.6 million (0.6 percent) lower than in February 2001. Transportation revenue was \$10.1 million (5.2 percent) lower than in February 2001 (see revenue table). Year-to-date collection totals generally provide a more accurate view of collections since they are less affected by the timing of payments. February is the fifth month of the state's fiscal year. For the fiscal year, General Fund-General Purpose Revenue is down \$158.5 million (4.1 percent); School Aid Fund revenue is up \$101.7 million (2.4 percent), and transportation revenue is up \$43.4 million (5.4 percent).

FY 2001-2002 revenue forecasts presented in the revenue table on page 10 are from the Consensus Revenue Estimating Conference held on January 15, 2002. The net General Fund – General Purpose revenue forecast for FY 2001-2002 is \$8,758.3 million. The net School Aid Fund revenue forecast is \$10,213.4 million, and the major Transportation Funds revenue forecast is \$2,155.2 million. The revenue projections for each tax are shown after all tax adjustments. The next revenue conference is scheduled for May 2002.

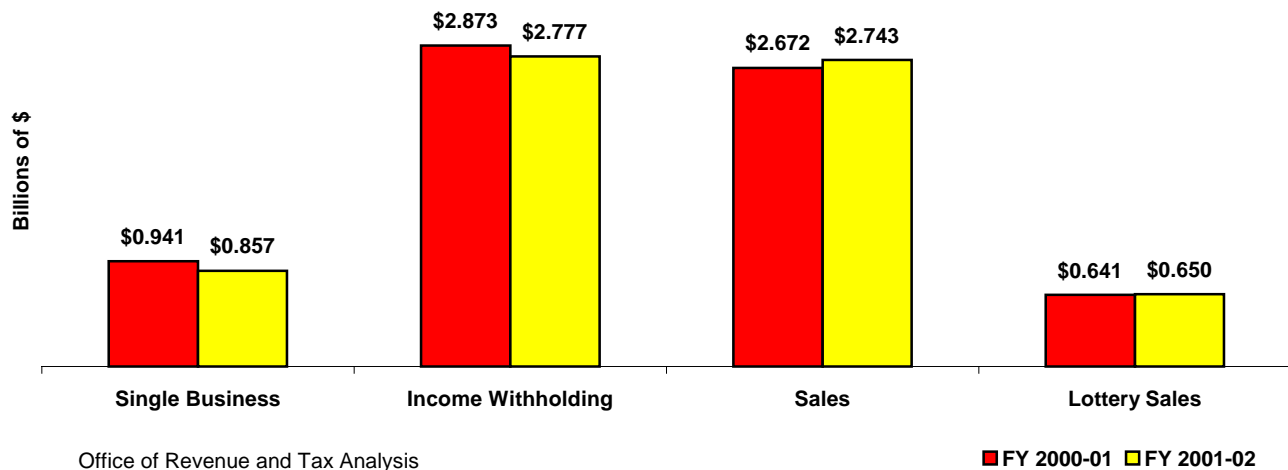
**October through February Collections
Fiscal Years 2000-01 and 2001-02**



February Revenue Collections Fiscal Years 2000-01 and 2001-02



October through February Collections Fiscal Years 2000-01 and 2001-02



Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2002

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		Year-to-Date							
2001	2002	Amount	Percent	2000-01	2001-02	Amount	Percent	2000-2001 Jan. 2002 Consensus	2000-2002 Statutory Estimate	2000-2002 Jan. 2002 Consensus	
Income Taxes											
Withholding											
\$495,533	\$472,265	(\$23,268)	-4.7%	\$2,873,308	\$2,776,740	(\$96,568)	-3.4%	\$6,596,100	\$6,804,400	\$6,615,300	
6,240	5,423	(816)	-13.1%	304,690	248,097	(56,593)	-18.6%	782,800	873,500	777,800	
13,186	13,234	48	0.4%	60,340	59,846	(494)	-0.8%	693,800	703,200	688,800	
514,958	490,923	(24,036)	-4.7%	3,238,338	3,084,684	(153,655)	-4.7%	\$8,072,700	\$8,381,100	\$8,081,900	
275,282	240,328	(34,954)	-12.7%	392,496	384,406	(8,090)	-2.1%	1,324,400	1,388,700	1,380,200	
0	0	0	na	0	0	0	na	1,300	1,200	1,500	
239,676	250,595	10,919	4.6%	2,845,842	2,700,277	(145,564)	-5.1%	\$6,747,000	\$6,991,200	\$6,700,200	
123,590	121,160	(2,430)	-2.0%	777,201	749,281	(27,920)	-3.6%	\$1,955,300	\$2,058,000	\$1,982,600	
\$116,086	\$129,435	\$13,349	11.5%	\$2,068,641	\$1,950,997	(\$117,644)	-5.7%	\$4,791,700	\$4,933,200	\$4,717,600	
NET PERSONAL INCOME TO GF-GP											
Consumption Taxes											
Sales (a,b)											
\$4,018	\$4,075	\$57	1.4%	\$30,374	\$35,307	\$4,933	16.2%	\$78,900	\$112,700	\$87,700	
60,008	64,763	4,755	7.9%	345,068	369,285	24,217	7.0%	887,500	936,200	934,700	
12,014	12,850	836	7.0%	61,543	62,052	508	0.8%	146,200	142,700	143,500	
3,788	3,880	92	2.4%	19,163	19,046	(117)	-0.6%	50,400	51,200	51,000	
2,343	2,277	(67)	-2.9%	11,975	10,950	(1,025)	-8.6%	29,300	28,500	29,600	
\$82,172	\$87,845	\$5,672	6.9%	\$468,123	\$496,640	\$28,516	6.1%	\$1,192,300	\$1,271,300	\$1,246,500	
TOTAL CONSUMPTION TAXES											
Other Taxes											
\$161,944	\$139,779	(\$22,165)	-13.7%	\$941,356	\$856,753	(\$84,603)	-9.0%	\$2,022,300	\$2,082,000	\$1,898,700	
21,589	34,289	12,700	58.8%	97,488	103,051	5,563	5.7%	200,700	199,000	214,000	
183,533	174,068	(9,465)	-5.2%	1,038,843	959,804	(79,040)	-7.6%	2,223,000	2,281,000	2,112,700	
11,098	12,352	1,255	11.3%	70,030	73,557	3,527	5.0%	155,500	193,000	127,000	
90	(14)	(104)	na	19,647	66,856	47,209	240.0%	152,500	150,400	152,000	
2,597	2,335	(262)	-10.1%	24,371	14,039	(10,332)	-42.4%	60,100	57,000	43,000	
9,799	12,539	2,740	28.0%	57,249	59,129	1,880	3.3%	157,400	137,000	155,000	
0	15	15	na	2,105	403	(1,701)	-80.8%	1,500	0	0	
(6,083)	(6,250)	(167)	2.7%	(30,417)	(31,000)	(583)	-1.9%	(73,400)	(74,000)	(75,000)	
\$201,034	\$195,047	(\$5,988)	-3.0%	\$1,181,828	\$1,142,787	(\$39,041)	-3.3%	\$2,676,600	\$2,744,400	\$2,514,700	
TOTAL OTHER TAXES											
SUBTOTAL GF-GP TAXES											
\$399,293	\$412,326	\$13,034	3.3%	\$3,718,592	\$3,590,424	(\$128,168)	-3.4%	\$8,660,600	\$8,948,900	\$8,478,800	

continued

Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2002

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		Year-to-Date		Difference		2000-2001	2000-2002	2000-2002	
2001	2002	Amount	Percent	2000-01	2001-02	Amount	Percent	Jan. 2002	Statutory	Jan. 2002	
								Consensus	Estimate	Consensus	
Non-Tax Revenue											
\$3,333	\$2,500	(\$833)	-25.0%	\$16,667	\$15,833	(\$833)	-5.0%	\$24,600	\$45,000	\$30,000	
108	150	42	38.5%	542	625	83	15.4%	1,800	1,300	1,800	
500	400	(100)	-20.0%	2,500	2,300	(200)	-8.0%	4,800	6,000	4,800	
2,083	2,000	(83)	-4.0%	10,417	10,250	(167)	-1.6%	23,500	25,000	24,000	
0	0	0	na	32,261	3,785	(28,476)	-88.3%	50,000	8,000	(10,000)	
4,583	4,167	(417)	-9.1%	22,917	20,833	(2,083)	-9.1%	38,600	55,000	50,000	
9,583	9,583	0	0.0%	47,917	47,417	(500)	-1.0%	118,800	113,000	115,000	
2,667	3,083	417	15.6%	13,333	15,167	1,833	13.8%	66,800	68,000	64,000	
\$22,858	\$21,883	(\$975)	-4.3%	\$146,552	\$116,210	(\$30,343)	-20.7%	\$328,900	\$321,300	\$279,600	
TOTAL NON-TAX REVENUE											
\$422,151	\$434,210	\$12,059	2.9%	\$3,865,145	\$3,706,634	(\$158,511)	-4.1%	\$8,989,500	\$9,270,200	\$8,758,300	
TOTAL GF-GP REVENUE											
School Aid Fund											
\$183,800	\$174,868	(\$8,932)	-4.9%	\$1,085,744	\$1,114,441	\$28,697	2.6%	2,581,400	2,732,900	2,651,200	
144,743	137,152	(7,591)	-5.2%	862,656	885,832	23,176	2.7%	2,050,000	2,172,900	2,106,300	
30,262	32,465	2,202	7.3%	173,826	185,059	11,233	6.5%	444,500	469,100	468,300	
198,151	215,304	17,153	8.7%	771,342	839,906	68,564	8.9%	1,489,600	1,534,200	1,548,000	
22,102	20,402	(1,700)	-7.7%	116,780	100,356	(16,424)	-14.1%	252,900	263,000	251,000	
55,000	50,000	(5,000)	-9.1%	190,000	199,009	9,009	4.7%	587,000	594,000	570,000	
5,994	7,676	1,682	28.1%	22,319	31,292	8,973	40.2%	75,400	81,000	83,000	
2,343	2,193	(150)	-6.4%	11,975	10,818	(1,157)	-9.7%	28,400	28,500	29,600	
30,106	32,200	2,094	7.0%	154,223	155,497	1,273	0.8%	383,100	372,500	375,500	
5,083	3,213	(1,870)	-36.8%	57,562	53,412	(4,150)	-7.2%	131,300	135,000	133,000	
589	571	(17)	-3.0%	3,911	4,293	382	9.8%	15,200	13,700	14,700	
123,590	121,160	(2,430)	-2.0%	777,201	749,281	(27,920)	-3.6%	\$1,955,300	\$2,058,000	\$1,982,600	
\$801,763	\$797,204	(\$4,560)	-0.6%	\$4,227,540	\$4,329,196	\$101,656	2.4%	\$9,994,100	\$10,454,700	\$10,213,400	
TOTAL SCHOOL AID FUND											
\$451,077	\$428,598	(\$22,478)	-5.0%	\$2,672,230	\$2,743,234	\$71,004	2.7%	\$6,352,300	\$6,727,700	\$6,525,000	
306,333	291,446	(14,887)	-4.9%	1,809,574	1,857,402	47,828	2.6%	4,302,300	4,554,800	4,418,700	
144,743	137,152	(7,591)	-5.2%	862,656	885,832	23,176	2.7%	2,050,000	2,172,900	2,106,300	
90,787	97,395	6,607	7.3%	521,477	555,178	33,700	6.5%	1,333,600	1,407,300	1,405,000	
47,487	50,789	3,303	7.0%	243,255	245,263	2,008	0.8%	596,100	579,900	584,000	
0	0	0	na	84,308	89,226	4,918	5.8%	na	na	na	
TOBACCO SETTLEMENT											

continued

Revenue Summary 2001-02
General Fund-General Purpose, School Aid, and Transportation Funds
(in thousands)

For The Month Ended: February 28, 2002

MONTH-END CASH COLLECTIONS DATA				OCTOBER THROUGH FEBRUARY CASH COLLECTIONS DATA				REVENUE PROJECTIONS			
February		Difference		Year-to-Date				Difference			
2001	2002	Amount	Percent	SOURCE OF REVENUE		2000-01	2001-02	Amount	Percent	2000-2001 Jan. 2002 Consensus	2000-2002 Statutory Estimate Consensus
Major Transportation Revenues											
\$6,214	\$5,774	(\$439)	-7.1%	Diesel Fuel	\$37,035	\$37,510	\$475	1.3%	\$133,150	\$141,000	\$135,000
83,878	73,853	(10,025)	-12.0%	Gasoline	381,609	397,901	16,292	4.3%	933,494	940,000	943,200
92,646	93,389	743	0.8%	Motor Vehicle Registration	325,336	353,397	28,062	8.6%	777,903	815,000	810,000
6,119	6,140	21	0.3%	Other Taxes, Fees & Misc.	26,658	27,993	1,335	5.0%	200,472	188,052	192,820
6,566	6,179	(387)	-5.9%	Comprehensive Transportation (e)	32,830	30,091	(2,739)	-8.3%	79,046	75,205	74,148
\$195,423	\$185,335	(\$10,087)	-5.2%	TOTAL MAJOR TRANS. REVENUES	\$803,467	\$846,892	\$43,425	5.4%	\$2,124,065	\$2,159,256	\$2,155,167
Lottery Sales By Games (d)											
Instant Games				249,403		267,227	17,824	7.1%	na	na	na
50,734	52,263	1,529	3.0%	Daily Games	268,039	282,065	14,026	5.2%	na	na	na
54,750	56,686	1,936	3.5%	Lotto and Big Game	119,791	96,433	(23,357)	-19.5%	na	na	na
33,234	16,265	(16,969)	-51.1%	Keno Game	3,891	4,200	309	7.9%	na	na	na
816	825	8	1.0%	TOTAL LOTTERY SALES	\$641,123	\$649,925	\$8,802	1.4%	na	na	na
\$139,535	\$126,039	(\$13,496)	-9.7%								

a Effective beginning FY 97 all revenue sharing distributions are funded through sales tax collections.

b GF-GP Sales has been estimated based on CTF and Health Initiative shares.

c GF-GP Use tax has been estimated by subtracting administrative costs of the senior drug program.

d The statutory estimate does not include an estimate of lottery sales. It only includes an estimate of the SAF transfer. The transfers shown are actual transfers from Lottery to SAF.

e The CTF distributions for FY 2002 have been estimated (includes sales tax transfer and other miscellaneous revenues dedicated to the CTF).

f 2% collections adjusted to reflect exemption on residential utilities.

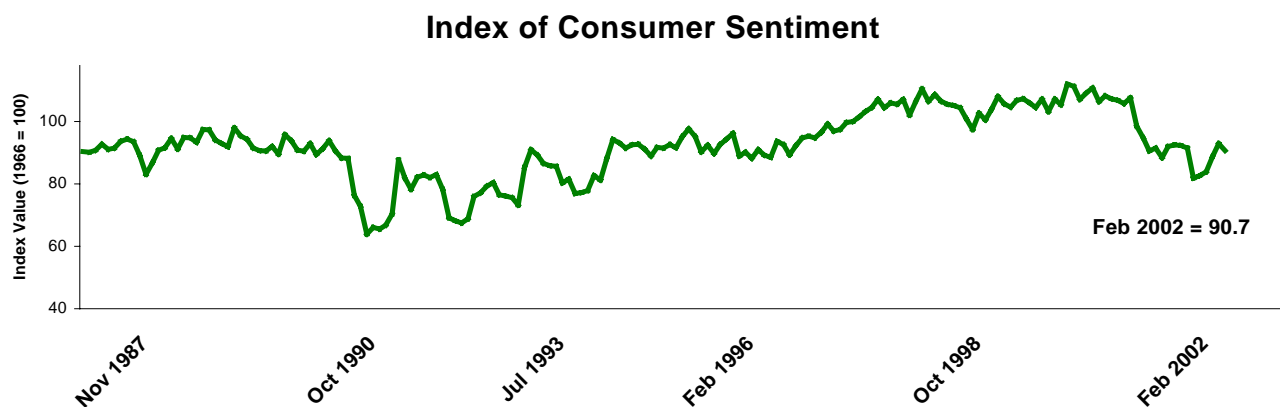
g Official CAFR figures are adjusted to put them on a comparable basis with Consensus Estimates.

Source: Michigan Department of Treasury, Office of Revenue and Tax Analysis, based on reports from the Office of Financial Management, Michigan Department of Management and Budget, and other reports from the Michigan Department of Treasury.

Economic Highlights

(All data seasonally adjusted unless otherwise noted.)

U. S. Economy



Source: University of Michigan, Survey Research Center

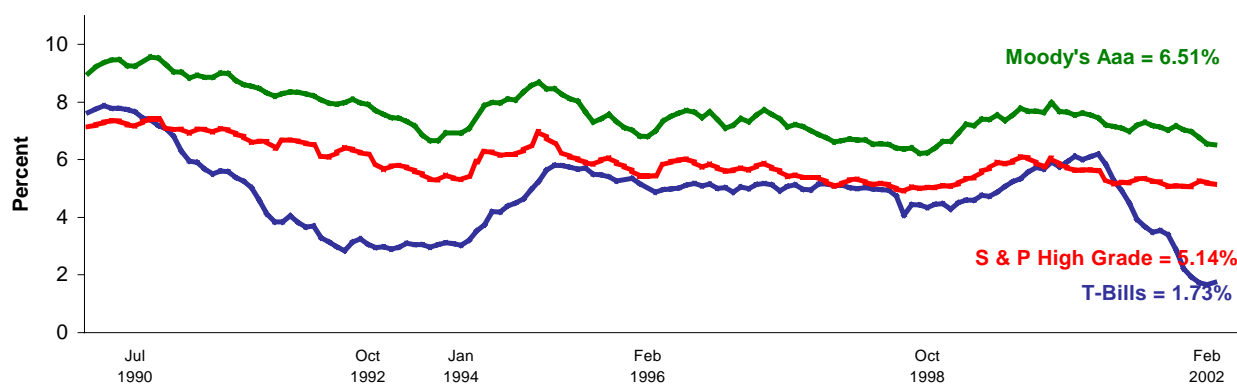
The **Index of Consumer Sentiment** was 90.7 in February, down 2.3 index-points from the January value, and just 0.1 of an index-point above a year earlier. Survey director Richard Curtin reports, “While consumers are still convinced that the economic recovery has begun, they have reluctantly concluded that the pace of economic growth will be slower than they had anticipated.” He also notes that “an index value above 90 has never been associated with an ongoing recession.” And he adds, while consumers currently place a heavy weight on unemployment, “when consumers perceive a lessening of job losses it is likely to cause an immediate and large increase in overall economic confidence.” Curtin also indicates favorable attitudes toward vehicle buying conditions where “73 percent rated vehicle buying conditions favorably in February, only marginally below the record 79 percent recorded in November.” In February, consumers in 3 of the 4 regions experienced losses in confidence ranging from 9.8 to 1.4 index-points, while Southern consumers confidence rose 2.4 index-points. As a result the gap across the regions increased to 8.9 index-points, with Southern consumers now on top and Northeastern consumers now on the bottom.

The revised estimate of real **Gross Domestic Product** for the fourth quarter of 2001 is \$9,348.6 billion (chained 1996 dollars), an increase of 1.7 percent at an annual rate. This represents a slight \$5.9 billion upward revision from last month’s preliminary estimate that showed the economy growing at a 1.4 percent rate, and represents a reversal from the -1.3 percent rate of decline recorded in the third quarter. The largest GDP component revision was a \$3.6 billion larger estimate for exports, now estimated to be declining at an 11.4 percent rate (from a -12.2% rate). A slightly lower estimate for imports now declining at a 7.5 percent rate (from a -6.9% rate) combined for a \$5.9 billion decrease in the trade deficit. The higher estimate for service consumption, now growing at a 2.0 percent rate (from a 1.8% rate) was more than offset by a lower estimate for business fixed investment, (both structures and equipment and software), now declining at a 13.8 percent rate (from a -13.1% rate). With the revisions, real final sales are now estimated to have grown at a 3.8 percent rate during the fourth quarter, compared to the 0.5 percent decline shown for the third quarter. On the inflation front, the **implicit price deflator** measure estimate decreased at a 0.1 percent annual rate, up from the preliminary estimate of 0.3 percent rate of decline, but well below the 2.2 percent rate of increase shown for the third quarter.

U. S. retail prices, as measured by the Consumer Price Index (CPI-U), increased 0.2 percent for the second consecutive month in February after declining in October through December. Energy prices declined 0.8 percent in February after rising 0.9 percent in January. Over the past six months energy prices have declined at a 20 percent annual rate. The all-items less energy component rose 0.3 percent in February, after rising 0.2 percent in January. For the six months since August, the all-items index increased at a 0.7 percent annual rate.

Compared to February 2001, the all-items index increased 1.1 percent. For major component groups, the unadjusted increases from one year ago were: food and beverages, 2.7 percent; housing, 2.2 percent; medical care, 4.5 percent; recreation, 1.5 percent; education and communication, 3.2 percent; and other goods and services, 4.7 percent, with tobacco prices up 10 percent; while apparel was down 3.8 percent; and transportation was down 4.2 percent, with gasoline prices down 23 percent.

Selected Key Interest Rates

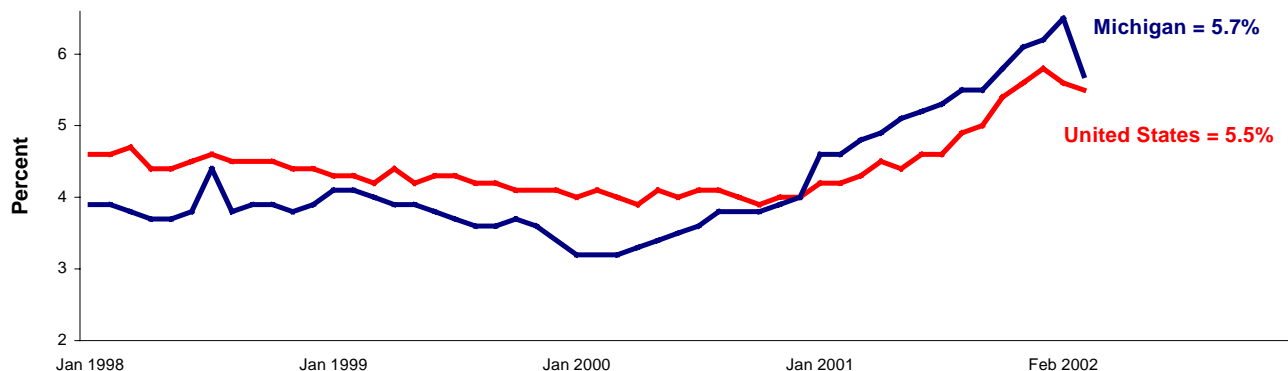


Source: Economic Indicators

Short-term **interest rates** rose a slight 0.06 of a percentage point in February as the 3-month Treasury bill (T-bill) rate averaged 1.73 percent. Compared to one year ago, the T-bill rate is down 3.20 percentage points. Long-term interest rates, such as the Aaa corporate bond rate, decreased 0.04 of a percentage point to an interest yield of 6.51 percent in February. Compared to one year ago, the Aaa bond yield is down 0.59 of a percentage point. The interest rate on High-grade municipal bonds decreased 0.05 of a percentage point to 5.14 percent in February, and stands just 0.07 of a percentage point below its year ago level. The Federal Open Market Committee held steady on the federal funds target at its January 30 meeting at 1.75 percentage. This marked the first time since December 2000 that the FOMC left the target unchanged. From January 3, 2001, to December 11, 2001, the FOMC has lowered the federal funds target 11 times by a total of 4.25 percentage points. In its latest statement, the committee indicated that "Sings that weakness in demand is abating and economic activity is beginning to firm have become more prevalent." And for the foreseeable future the FOMC continues to believe, "the risks are weighted mainly toward conditions that may generate economic weakness."

In February, the **U. S. unemployment rate** declined 0.1 of a percentage point to 5.5 percent, and was up 1.3 percentage points from one year ago. Civilian employment totaled 134.3 million persons in February, an increase of 851,000 from the January level, but 1.4 million below the February 2001 level. The employment gain in February was accompanied by an 821,000 increase in the size of the labor force--those people working or actively seeking employment--resulting in the lower unemployment rate.

Unemployment Rates 1998 - 2002



Source: Bureau of Labor Statistics and Michigan Department of Career Development, Employment Service Agency

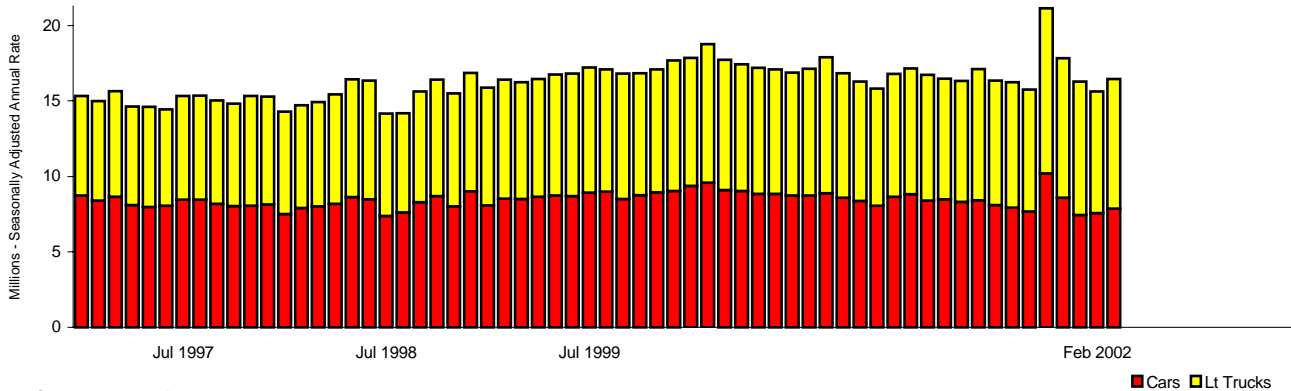
In February, the **Michigan jobless rate** declined 0.8 of a percentage point to 5.7 percent after rising 0.3 of a percentage point in January. Compared to a year ago, Michigan's jobless rate was up 1.1 percentage points. The number of people employed was up 2,000 from January's figure to 4,877,000 in February, but was 65,000 below the February 2001 level. The January rise the unemployment rate was in part the result of a one-month 36,000 surge in the Michigan labor force. In February, the labor force declined by 44,000 while employment was essentially unchanged. The swing in the unemployment rate was almost entirely the result of the change in the labor force the past two months. Monthly unemployment rates fluctuate due to statistical sampling errors. Therefore, the three-month average of 6.2 percent may be a better measure of actual job market conditions.

The Michigan labor market data has undergone its annual benchmark and seasonal adjustment revisions. As a result, monthly data for 1997 through 2001 were subject to minor revision.

Detroit retail prices, as measured by the Consumer Price Index (CPI-U), rose 1.6 percent from December to February after dropping 1.3 percent from June to December. The all-items less food and energy index rose 1.4 percent from December to February. The food index edged down 0.1 percent from December to February while the energy component surged 5.1 percent. Despite the bimonthly rise, energy prices were down 7.2 percent from a year earlier. Compared to February 2001, the all-items index increased 1.7 percent. For individual component items, the increases from one year ago were: food and beverages, 2.8 percent; housing, 2.8 percent; medical care, 5.5 percent; education and communication 4.1 percent; and other goods and services, 5.3 percent; while apparel declined 4.9 percent; transportation, 1.1 percent, with gasoline down 22 percent; and recreation was down 0.8 percent.

Motor Vehicle Sector

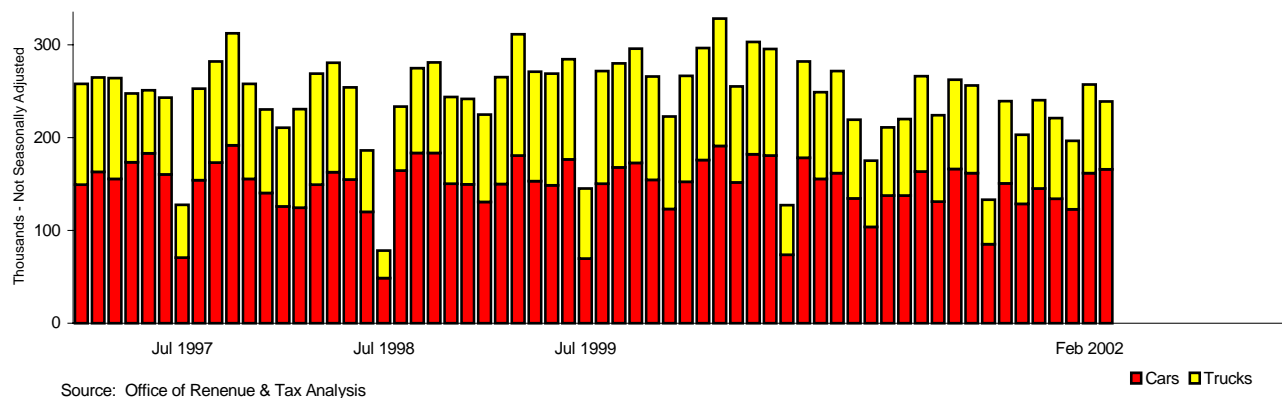
U. S. Light Vehicle Sales



U. S. light vehicle sales (cars + light trucks) rose 840,000 units in February selling at a 16.5 million unit seasonally adjusted annual rate. Domestic car sales were up 5.4 percent while domestic light truck sales were up 8.7 percent. Import car sales were up a slight 0.4 percent, while import truck sales were down 6.0 percent. As a result, the domestic share rose 1.4 percentage point to 80.1 percent. Compared to last year, light vehicle sales were down 700,000 units (3.9 percent), with domestic car sales down 18 percent and domestic trucks sales up 2.4 percent. With import car sales up 12 percent and import truck sales up 12 percent, the domestic share fell 2.8 percentage points from a year ago. For the fiscal year-to-date domestic light vehicles have an 80.8 percent share of a 17.5 million unit market.

Michigan motor vehicle production. Michigan motor vehicle production decreased to 238,898 units in February. From a year ago motor vehicle production increased 9 percent in Michigan and 20 percent nationally. In February, Michigan's car production was 165,850 units while the state's truck production was 73,048 units. Compared with a year ago, car production increased 21 percent in Michigan and rose 15 percent nationally. The state's truck production decreased 11 percent while national truck production increased 23 percent from a year ago. Michigan motor vehicle production data are not seasonally adjusted.

Michigan Motor Vehicle Production



**Summary Estimates of the Constitutional Revenue Limit
Based on the January 15, 2002 Consensus Revenue Agreement
(Article IX, Section 26)
(in millions)**

	Fiscal year 1999-2000 Actual	Fiscal Year 2000-2001 Actual	Fiscal Year 2001-2002 Estimate
Revenue Limit Calculation			
Applicable Calendar Year Personal Income	\$277,296	\$289,390	\$297,781
Section 26 Base Ratio	9.49%	9.49%	9.49%
Revenue Limit	\$26,315.4	\$27,463.1	\$28,259.4
Amount Under Limit Calculation			
Revenue Limit	\$26,315.4	\$27,463.1	\$28,259.4
State Revenue Subject to Limit	\$23,796.2	\$23,809.8	\$24,301.2
Amount Under (Over) Limit	\$2,519.2	\$3,653.3	\$3,958.2

Sources:

Personal Income Estimate

The FY 1999-00 calculation uses the official personal income estimate for calendar year 1998 (Survey of Current Business, August 1999).

The FY 2000-01 calculation uses the official personal income estimate for calendar year 1999 (Survey of Current Business, October 2000).

The FY 2001-02 calculation uses the preliminary April 2001 release for personal income for calendar year 2000 (Bureau of Economic Analysis).

Revenue Subject to the Limit

The FY 1998-99 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 1999.

The FY 1999-00 calculation uses the State of Michigan Statement of Revenue Subject to Constitutional Limitation - Legal Basis for the Fiscal Year Ended September 30, 2000.

The FY 2000-01 calculation uses the January 15, 2002 Consensus Revenue Agreement.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury